

AMENDMENT NUMBER 6CONTRACT NUMBER 30002662

FOR

Financial & Federal Compliance Audits

Pursuant to Ordinance Number [_____]

This Contract was made and entered on May 18, 2012 by and between Moss Adams, LLP, hereinafter called Contractor, and the City of Portland, a municipal corporation of the State of Oregon, by and through its duly authorized representatives, hereinafter called City.

1. This contract is hereby extended by one year through May 16, 2016.
2. Additional work is necessary as described in the Scope of Work as follows:
 - a) The Contractor agrees to conduct audits of the financial statements of the following entities, the "Auditees", for a fourth year, FY 2014-15:
 - a. City of Portland
 - b. Portland Development Commission
 - c. Fire and Police Disability and Retirement (FPD&R)
 - d. Hydroelectric Power Fund
 - e. Mt. Hood Cable Regulatory Commission (MHCRC)

The financial statements of the City and of PDC are also known as their Comprehensive Annual Financial Report (CAFR). The audit reports to be provided will cover the fiscal year beginning July 1, 2014 and ending June 30, 2015, except for the Hydroelectric Power Fund, whose fiscal year runs from September 1, 2014 through August 31, 2015.

- b) **GASB 68, Accounting and Financial Reporting for Pensions**
As required by the Government Accounting Standards Board (GASB), their accounting Statement number 68, **Accounting and Financial Reporting for Pensions** will be implemented by the City and its reporting units which have employees, in the financial statements for FY 2014-15. The Contractor is required by audit guidance set out by the American Institute of CPAs to perform additional audit testing of the pension numbers and disclosures in the financial statements for this year.
- c) **Oregon Minimum Standards**
As required by the Minimum Standards for Audits of Oregon Municipal Corporations, the Contractor will test the City's, the Portland Development Commission's, and Mt. Hood Cable Regulatory Commission's compliance with certain provisions of laws, regulations, contracts, grants including provisions of certain Oregon Revised Statutes, and will report any noncompliance found in the related CAFR or financial statements.
- d) **Government Auditing Standards**
As required by Government Auditing Standards, the Contractor will prepare a separate written report on their tests of compliance with applicable laws and regulations for each of

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the City's CAFR, the Portland Development Commission's CAFR, FPDR's and the Hydroelectric Power Fund's financial statements.

In a revision to **Section 2.2 f, (1)** of the Contract, the City's Government Auditing Standards report on compliance and internal controls, will be delivered by the Contractor with the audit opinion on the City's CAFR (see **Section 5 below for Due Dates for Contractor's Reports**), for publication in the same. The City's CAFR will be published separately from the Single Audit reporting package for FY 2014-15. The Contractor will provide a duplicate copy of the City's Government Auditing Standards report for publication in the Single Audit reporting package. Any control deficiency or compliance findings noted in the City's CAFR audit will be reported by the Contractor in a new Schedule of Findings and Recommendations, for publication in the CAFR. Any such Schedule of Findings and Recommendations will in addition make up Part II of the Schedule of Findings and Questioned Cost required by the federal regulations for the Single Audit from the Contractor.

e) The Single Audit

The Contractor agrees to conduct the federal compliance audit, also known as the Single Audit, of the federal awards expended during FY 2014-15 by the City and its component units, to determine whether the City has complied with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major programs.

The City anticipates having 5 to 6 major programs requiring testing under the Single Audit Act for FY2014-15, because the new rules for determining major programs under the Uniform Grant Guidance (UGG) will not apply until FY 2015-16. The Single Audit for FY 2014-15 will require testing compliance of the City's and its component units' federal awards with two sets of requirements. These compliance requirements come from the old Office of Management and Budgets (OMB) Circular A-133 for awards received up to December 16, 2014, and from the new UGG for awards received after that date. However, the number of federal requirements to be tested under the UGG has decreased, therefore the Contractor will perform the Single Audit of up to six major programs in no more than 600 hours for an amount not to exceed \$100,600.

f) Interim Audit Fieldwork

The Contractor will advise the relevant Auditee Project Manager and the Audit Contract Manager if it requires access to perform on site audit fieldwork prior to the end of the FY 2014-15 fiscal year. The City does not expect that such interim audit fieldwork will occur for the Single Audit or for MHCRC's financial audit. Therefore, the Contractor will not need to provide Provided By Client lists for interim fieldwork on those audits.

g) Other Services aka Technical Assistance

The Contractor will continue to provide the other services included in **Section 1.6.8** of this contract, and in **Amendment No. 2, Section 1.5.7** for MHCRC, without additional compensation, with the exception of providing accounting assistance re. GASB 68. Technical assistance includes the Contractor making available to the entity being audited, without additional compensation, any benchmarking studies used during the audits' analytical review procedures or related to reporting audit results to illustrate audit findings. The cost of these Other Services is included in the **Additional Compensation** for the audits in **(7) below**. However, if the City, its reporting entities or MHCRC were to ask the Contractor for some special benchmarking study, that would fall outside this contract.

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The Contractor will continue to provide the Training services included in **Section 1.7.1** of this contract, up to six CPE credits in the contract extension year, without additional compensation, to the staff of the City and its reporting entities, except for MHCRC. The cost of Training is included in the **Additional Compensation** for the audits in **(7) below**.

i) Non-Audit Services

The Contractor will continue to provide limited technical advice or assistance (aka Non-Audit Services), set out in **Section 1.7.2** of this contract, and in **Amendment No. 2, Section 1.6.1** for MHCRC, without additional compensation, including consultation and assistance regarding adoption of appropriate accounting standards except for GASB 68. Contractor will provide up to thirty-six hours of Non-Audit Services to the City and its reporting entities combined, plus up to eight hours for MHCRC, in the contract extension year.

j) Accounting Assistance for Implementing GASB 68

This amendment allows for up to 100 hours of additional time and related fees from Moss Adams' staff, should the City request it, for the City's implementation of GASB 68 on pension accounting and reporting. The additional hours will be billed at Moss Adams' standard hourly billing rates included with this amendment. City technical accounting staff may require additional assistance in interpreting information to be provided by Oregon PERS, understanding how to record pension information provided by Oregon PERS into the City's books, developing processes and internal controls over the accounting for pensions as required by this new accounting standard, and developing schedules or other tools designed to support the numbers to be reported in the City's financial statements. In addition, the City may require assistance in determining methodologies to allocate the City's pension numbers within the City's various funds and reporting entities, as well as the development of schedules necessary to perform the calculations of allocable pension amounts. The additional fees will not exceed \$30,000 in total.

Before any work can begin and any billings submitted by Moss Adams, the City's CFO or Controller will be required to authorize a certain number of hours and communicate that authorization to the Audit Contract Manager. Moss Adams will include only authorized hours in its monthly invoices. If City management requests this accounting assistance, the Contractor will document the steps it take to maintain its independence and will forward this documentation to the Audit Contract Manager before any work can begin.

The City's management, in the Bureau of Revenue and Financial Services and in any reporting entity that use accounting assistance from the Contractor to implement GASB 68, will take responsibility for the numbers and disclosures included in their financial statements, which will allow Contractor to maintain its independence as the auditor of these statements.

3. Contract Manager and Auditee Project Managers

There is no change to the City's Contract Manager for this Agreement, Fiona C.H. Earle, ACA, CIA, Principal Management Auditor, from the Office of the City Auditor. The entities being audited under this contract, which are listed in **2 a) above**, are collectively called "Auditees". The Auditee Project Managers' list has been updated in the attached **Exhibit C v2**.

Contract Number: 30002662Amendment Number: 6Contract Title: Financial & Federal Compliance Audits**4. Contractor's Personnel**

Pursuant to **Section 27** of the Agreement, Moss Adams LLP will assign the personnel listed in the attached **Exhibit G** to do the work in the capacities designated on **Exhibit G**.

5. Due Dates for Contractor's Reports

The City of Portland wishes to file the audited FY 2014-15 CAFR with the Secretary of State by December 1, 2015. This will require the substantial completion of the Single Audit, and the delivery of the audit opinion and audit reports for the City's CAFR, and for the City's reporting entities, at earlier dates than in the original Contract. If any due date falls on a weekend or holiday, the Contractor will deliver its opinion and/or reports financial statements on the workday immediately preceding the due date, unless stated otherwise in the list below.

The final delivery date for Contractor's audit opinions and reports depends upon the Auditees' punctual delivery of the audit schedules and draft reports as listed in **item 6** of this Amendment. As set out in **Exhibit E, item 1** of the Contract, the Contractor will not be considered to have received the financial statements and audit schedules until they are accurate, consistent with other related schedules and statements, and free of material un-reconciled differences.

Contractor will deliver:

- i. Audit opinion and reports on the **Portland Development Commission's** CAFR FY 2014-15 by November 16, 2015.
- ii. Audit opinion and Government Auditing Standards report on the **Fire and Police Disability and Retirement Funds** for FY 2014-15 by October 27, 2015.
- iii. Audit opinion on the **Hydroelectric Power Fund** for FY 2014-15 by March 15, 2016.
- iv. Audit opinion and reports on the **City's FY 2014-15 CAFR** by noon on December 1, 2015, including the Summary of Revenues and Expenditures for filing with the Secretary of State, and the Schedule of Findings and Recommendations if it's applicable, per **Section 2.d)** of this Amendment.
- v. Audit opinion and reports on **MHCRC's FY 2014-15 financial statements** by noon on December 1, 2015.
- vi. Audit opinion on the Schedule of Expenditure of Federal Awards, audit reports on compliance, and the Schedule of Findings and Questioned Costs, if any, for the City's FY 2014-15 **Single Audit** by end of day, December 21, 2015. If the due date falls on a Saturday, Sunday, or Federal holiday, the Single Audit reporting package is due the next business day.
- vii. The completed electronic data collection form for the Single Audit will be completed and signed by the earlier of 30 days after delivering the Single Audit reports in **vi** above, and March 31, 2016. If the due date falls on a Saturday, Sunday, or Federal holiday, the Single Audit reporting package is due the next business day.
- viii. Draft SAS 114 letters to Those Charged with Governance for the City and PDC by seventeen days after the date of the related audit opinion.
- ix. Final SAS 114 letters for the City and PDC due in time for filing the documents for a public meeting of the City Council and the Commission on the subject to the financial audit. The Contractor, the Audit Contract Manager and the relevant Auditee Project Manager will mutually agree these dates by the end of September 2015.
- x. Final SAS 114 letter for MHCRC by December 3, 2015. Contractor will send draft SAS 114 letter for MHCRC as early as possible.
- xi. Summary of Revenues and Expenditures for MHCRC, December 1, 2015 with delivery of the audit opinion. This Summary is to be send to the MHCRC's Audit Project Manager, instead of

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the City Accounting Division, with a copy sent to the Audit Contract Manager.

- xii. Summary of Revenues and Expenditures for PDC, within 30 days after delivering the audit opinion, or on the next regular business day if that date falls on a weekend or holiday.

6. Audit Schedules and Draft Financial Report Delivery Dates

The accounting staff of the City and its reporting entities agree to prepare and deliver the financial statements and report drafts to the Contractor by the dates listed below. These dates will need to be confirmed by the accounting staff of the City and other Auditees with the Contractor once the FY2015 closing dates for SAP are known. Auditee personnel and accounting staff will review with the Contractor the list of detailed audit schedules needed to support the financial statements. Auditee personnel and accounting staff agree to prepare and deliver the detailed audit schedules at a date(s) to be mutually agreed upon later by the Contractor and Auditees.

ENTITY/Statements, Schedules	Date Due to Contractor	Responsible Accounting Staff
CITY OF PORTLAND CAFR		
First draft CAFR report	10/23/2015	Technical Acctg Supervisor, Bureau of Revenue & Financial Services (BRFS)
MD&A	10/30/2015	City Controller, BRFS
Final draft CAFR report	11/19/2015	Technical Acctg Supervisor, BRFS
Final MD&A	11/20/2015	City Controller, BRFS
CITY OF PORTLAND SINGLE AUDIT		
Schedule of Federal Award Expenditures – Draft	7/31/2015	Principal Financial Analyst/Grants Division, BRFS
Schedule of Federal Award Expenditures – Final draft	10/23/2015	Principal Financial Analyst/Grants Division, BRFS
PORTLAND DEVELOPMENT COMMISSION (PDC)		
First draft CAFR report	10/12/2015	Accounting Supervisor/PDC
Final draft CAFR report	11/02/2015	Accounting Supervisor/PDC
FIRE & POLICE DISABILITY AND RETIREMENT FUNDS		
Final draft report	9/30/15	FPDR Financial Manager
HYDROELECTRIC POWER FUND		
Draft Statement of Annual Purchase Price	10/19/2015	Hydroelectric Project Mgr/ Hydroelectric Power Division, Water Bureau
Final Statement of Annual Purchase Price	12/30/2015	Hydroelectric Project Mgr, with data from PGE
Final draft financial statements	02/12/2016	Technical Acctg Supervisor, BRFS
MT. HOOD CABLE REGULATORY COMMISSION		
Budgetary Trial Balance numbers, Accounting Period 12	8/28/2015	Technical Acctg Supervisor, BRFS
Component units' audited financial statements	10/09/2015	Director, MHCRC
Budgetary & GAAP Trial Balance numbers, Accounting Period 13	11/17/2015	Technical Acctg Supervisor, BRFS
Completed draft financial statements, including GAAP Basis and Budgetary Basis statements	11/17/2015	Technical Acctg Supervisor, BRFS

If any due date falls on a weekend or holiday, the Auditee will deliver its financial statements on the workday immediately preceding the due date.

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7. **Additional compensation** for the FY 2014/15 audits is necessary and shall not exceed \$658,445. This total additional compensation, and the related hours, are allocated to the audits under this contract extension in the maximum, "not to exceed" amounts that the Contractor can be paid for each audit, as set out below:

Additional hours and fees not to exceed	Hours	Fees \$
City's CAFR Audit	1,920	\$315,000
City's IT Evaluation and Risk Assessment	100	\$ 21,350
Audit of City's GASB 68 implementation & reporting	50	\$ 8,300
GASB 68 accounting assistance to the City	100	\$ 30,000
Single Audit	600	\$100,600
Single Audit for each Major Program over six	100	\$ 15,400
Fire and Police Disability and Retirement Funds	175	\$ 27,700
Hydroelectric Power Fund	100	\$ 16,600
City of Portland Subtotal	3,145	\$534,950
Portland Development Commission's CAFR Audit	590	\$ 96,450
PDC's IT Evaluation and Risk Assessment	60	\$ 10,250
Audit of PDC's GASB 68 implementation & reporting	25	\$ 4,150
PDC Total	675	\$110,850
City of Portland Total	3,820	\$645,800
Mt. Hood Cable Regulatory Commission	76	\$ 12,645
TOTAL	3,896	\$658,445

- a) If the number of major programs for the Single Audit exceeds six, the Contractor's fees will be increased by \$15,400 for each additional major program. Before any work can begin and any billings submitted by Moss Adams for work on any seventh or additional major programs, the City's Audit Contract Manager will be required to authorize the additional work and communicate that authorization to the Contractor. Moss Adams will include only authorized hours in its monthly invoices. If the number of major programs is less than the six expected, the City will pay Contractor the prorated amount of the Single Audit fee for the actual number of major programs audited.

b) **Hourly Rates for GASB 68 Accounting Assistance**

Accounting assistance to the City for GASB 68 implementation will be billed for actual hours worked, up to the number of hours previously authorized by the City's CFO or Controller. Any work authorized for GASB 68 accounting assistance will be billed in a separate invoice to the City's CAFR audit work. These invoices shall contain the City's Contract Number and set out all items for payment including, but not limited to: the name of the individual, labor category, direct labor rate, hours worked during the period, and tasks performed. The billing rates shall not exceed those set forth below:

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<u>Title</u>	<u>Hourly Rate</u>
Partner	\$385
Senior Manager	\$300
Manager	\$210
Senior	\$175
Staff	\$152.50

c) Hourly Rates for Billing Audit Work

Work on the audits under this Amendment shall be billed for actual hours worked, up to the lesser of the total hours and total "not to exceed amount" for each audit set out in Item 7 above. On or before the 15th of each month, the Consultant shall submit to the City's Project Manager a separate invoice for each audit, for work performed by the Consultant during the preceding month. These invoices shall contain the City's Contract Number and set out all items for payment including, but not limited to: the name of the individual, labor category, direct labor rate, hours worked during the period, and tasks performed. The billing rates shall not exceed those set forth below:

<u>Title</u>	<u>Hourly Rate</u>
Partner	\$385
Senior Manager	\$300
Manager	\$210
Senior	\$175
Staff	\$152.50
IT Senior Manager	\$315
IT Manager/Supervisor	\$265
IT Senior	\$215

d) Premium Rates

If required as set out in Exhibit E, 4 c to the original contract, any extension due to late delivery by the Auditees of the financial statements and/or audit schedules, requiring the knowledge and experience of senior managers and partners of the Contractor for testing and review of the CAFR, will be billed at hourly rates for Partner and Senior Manager set out in 7 c) to this Amendment.

Before any work can begin and any billings submitted by Moss Adams, the Contractor must estimate the total hours required to complete the work required to complete the audit timely, and the Auditee Project Manager responsible for the delivery of the late statements and/or audit schedules will be required to agree to pay for this work. Before this work can begin and any billings be submitted, both the Contractor and the responsible Auditee Project Manager must communicate the estimated hours, cost and authorization to the Audit Contract Manager so that the appropriate amendment can be drawn up. Moss Adams will include only authorized hours in its monthly invoices.

8. As a result of this amendment the contract's total "not to exceed amount" is increased to **\$2,475,422.**

All other terms and conditions shall remain unchanged and in full force and effect.

Contract Number: 30002662Amendment Number: 6Contract Title: Financial & Federal Compliance Audits**CONTRACTOR SIGNATURE**

This contract amendment may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same contract amendment.

The parties agree the City and Contractor may conduct this transaction by electronic means, including the use of electronic signatures.

Contractor Name: Moss Adams, LLPAddress: 975 Oak Street, Suite 500,Eugene, OR 97401Telephone: (541) 686-1040Signature: James C. Lanzarotta Date: 4/24/15Name: James C. LanzarottaTitle: Partner**CITY OF PORTLAND SIGNATURES**By: _____ Date: _____
Chief Procurement OfficerBy: _____ Date: _____
Elected City Auditor: Mary Hull Caballero

Approved:

By: N/A Date: _____
Office of City AuditorApproved as to Form: APPROVED AS TO FORMBy: [Signature] Date: 4/24/15
Office of City Attorney
CITY ATTORNEY

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EXHIBIT Cv2

AUDITEE PROJECT MANAGERS FOR FY2015 AUDITS

The Auditees' project managers or their designees will be the primary point of contact for the Contractor to obtain audit evidence. The Auditees' project managers assigned to provide the Contractor with support for each audit will be:

<u>Audit</u>	<u>Auditee Project Manager</u>	<u>Telephone</u>
CITY OF PORTLAND's CAFR	Michelle Kirby City Controller Accounting Division Bureau of Revenue & Financial Services	503.823-4358
FEDERAL COMPLIANCE	Sheila Black-Craig Principal Financial Analyst, Grants Compliance Program Bureau of Revenue & Financial Services	503.823-6863
PORTLAND DEVELOPMENT COMMISSION	Faye Brown Chief Financial Officer	503.823-3230
FIRE & POLICE DISABILITY & RETIREMENT FUND	Nancy Hartline FPDR Financial Manager	503.823-5501
HYDROELECTRIC POWER FUND	Frank Galida Hydroelectric Project Mgr Hydroelectric Power Division Water Bureau	503.823-7517
MT. HOOD CABLE REGULATORY COMMISSION	Mary Beth Henry Manager, Office for Community Technology/ Staff Director, MHCRC	503.823-5414

In addition, there will be the following specific agency/bureau contacts:

<u>Audit Area</u>	<u>Agency/Bureau Contact</u>	<u>Telephone</u>
City CAFR's Audit Schedules, Hydroelectric Power's Financial Statements, And MHCRC's Financial Statements	Samina Gillum Technical Accounting Supervisor Bureau of Revenue & Financial Services	503.823-4363
City Debt	B. Jonas Biery Debt Manager Public Finance and Treasury Division, Bureau of Revenue & Financial Services	503.823-4222
City Revenue	Thomas Lannom Director, Revenue Division Bureau of Revenue & Financial Services	503.823-5154
Utility Team	Remani Mathew Accounting Manager Water Bureau	503.823-7634

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EXHIBIT G
CONTRACTOR'S PERSONNEL

Moss Adams shall assign the following personnel to work on the Audits of FY 2014/2015 in the capacities designated:

Name	Title	Capacity
James Lanzarotta	Assurance Partner	Overall engagement partner & governmental expert Engagement review partner for City's CAFR audit and Single/Compliance Audit, Portland Development Commission's CAFR audit, FPDR's financial audit, Hydroelectric Power Fund's financial audit, and MHCRC's financial audit
Jim Thompson	Assurance Partner	Overall concurring reviewer (except for Hydroelectric Power Fund audit)
Chris Kradjan	Assurance Partner	Information Systems and Technology – Overall engagement review partner
Mary Case	Assurance Partner	Technical Resource Partner, if needed
Julie Desimone	Assurance Partner	Engagement Review Partner – for City Utility funds' financial statements within the City's CAFR audit, and Hydroelectric Power Fund's financial audit Utility expert.
Laurie Tish	Assurance Partner	Concurring reviewer for Hydroelectric Power Fund's audit
Ken DeHart	Assurance Senior Manager	In-charge auditor for City's CAFR audit & In-charge auditor for MHCRC's audit
Brad Smith	Assurance Senior Manager	In-charge auditor for Portland Development Commission's CAFR Audit, and In-charge auditor for FPDR's financial audit
Greg Damon	Assurance Senior Manager	Information Systems and Technology – In Charge auditor and IT delegated engagement review
Micah Clinger	Assurance Manager	In-charge auditor for Compliance (Single) Audit
Keith Simovic	Assurance Manager	In-charge auditor for Hydroelectric Power Fund's financial audit